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SUBJECT: MEDIA REACTION: U.S. PRESIDENT-ELECT OBAMA AND CHINA;
FINANCIAL TSUNAMI; U.S. PRESIDENTIAL ELECTION

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HEADLINES AND EXCERPTS:

- [1. U.S. president-elect Obama and China](#)

"China has to be high on the Obama agenda"

The independent English-language South China Morning Post commented in an editorial (11/10): "U.S. president-elect Barack Obama has been gradually responding to the congratulatory messages from overseas leaders. He would appear to be getting back to foreign counterparts in the order of importance he perceives their countries to be to his international policy agenda. On Thursday, he made phone calls to Australia, Britain, Canada, France, Germany, Israel, Japan, Mexico and South Korea and on Friday to Egypt, Italy, Pakistan, Poland, Saudi Arabia and Spain. Surprisingly, despite the significance of China to the U.S. and the world, the conversation with President Hu Jintao came only on Saturday, the same day as a call to Russia's head of state.... Mr. Hu rightly told the senator the two nations should accommodate each other's concerns. Senator Obama reportedly said that strong Sino-U.S. ties were good for the world. The leaders would seem to have got their relationship off on a sound footing. It is important that the president-elect now sets aside what was said in the heat of electioneering and work closely with his counterpart to nurture and build ties beneficial to both sides and the world."

"China and the U.S. should enhance cooperation to resolve the financial crisis"

The working-class Chinese-language Sing Pao Daily News wrote in an editorial (11/10): "Chinese President Hu Jintao had a telephone conversation with Obama, the U.S. President-elect. Apart from congratulating him, Hu also discussed with Obama the development of Sino-U.S. relations and the strategy to deal with the financial tsunami.... Now, the global economy is in a predicament. The impacts of the financial tsunami have not yet ended. Western politicians who have a vision understand that China can play an important role in assisting the U.S. to overcome this once-in-a-century financial crisis. Chinese leaders know that the financial crisis has gravely affected worldwide economic development and people's livelihood. China is willing to lay down forceful measures with other countries to avoid a global economic recession."

- [2. Financial tsunami](#)

"Obama should introduce an 'extra large' bailout plan"

The mass-circulation Chinese-language Apple Daily News remarked in an editorial (11/10): "...Facing such a grim economic situation, Obama had a meeting with several heavy-weight economic consultants last Friday. After the meeting, he pledged that he would adopt contingency measures, including a second-round U.S.\$170 billion economic stimulus package, to stimulate the economy after taking office. He would also use part of the U.S.\$700 billion bailout plan to assist industries other than the financial industry, especially the auto industry, to avoid the closure of the three car-making giants which may lead to tens of thousands of workers losing their jobs. Details of Obama's U.S.\$170 billion economic stimulus plan are not yet known. However, judging from the flagging U.S. economy, the second round economic stimulus plan is not only necessary, but the scale of the plan must also be increased in order to avoid a too quick and too deep economic recession.... The election of Obama reminds the American people that it may take a long time to boost the economy. Since the economic recovery takes time, Obama should seize the opportunity to introduce an 'extra large' scale economic stimulus package after taking office so as to reduce the 'pain' of the economic recession."

"Obama can deliver on a fairer financial framework"

The independent English-language South China Morning Post said in an editorial (11/9): "No one is more aware than U.S. president-elect Barack Obama of the need for him to hit the ground running. Despite the overwhelming support he enjoys at home and abroad, Senator Obama realizes he has no time to enjoy a honeymoon amid the global financial crisis. One reason people are hopeful is that he is seen as a leader who can build an international consensus and serve as a catalyst in helping to contain the economic meltdown. In a globalized economy, a crisis of this kind requires global co-operation. Senator Obama has made it clear he understands that the economic crisis is the most urgent challenge confronting him by convening his top economic advisers for his first policy meeting after his election victory on Tuesday. He sent out an unmistakable message when he lined them up behind him at his first post-election news conference and vowed to act "swiftly" to confront the crisis head-on as soon as he took office.... Senator Obama's team should work with summit participants to set in motion agreements that can be obtained farther down the road. A Bretton Woods 2 that produces a fairer, more stable and efficient global framework is possible in Barack Obama's first term."

"U.S. economic policy is not yet known; stocks will have ups and downs"

The center-left Chinese-language Sing Tao Daily News commented in an editorial (11/9): "The U.S. presidential election has just finished. The jubilation of the investment market also came to an end. Media focus now returns to the economy. Global stock markets plunged again. Though Obama has not yet taken office, he immediately tried to keep public expectations under control. He anticipated that the U.S. problem could not be resolved in one term.

If Obama is right, he is indirectly saying that global investment prospects will be dim in the next two to three years. If this situation really comes true, even though Obama will not step down halfway, he may not be re-elected.... If Obama only focuses on the idea of evening-up wealth distribution and if he relies on increasing taxes to solve problems, it will further undermine investors' confidence. And it will not be surprising that the economic recession cannot be resolved within one term. On the contrary, if Obama can effectively adjust the huge U.S. resource base, it is believed that the time needed to alter the unfavorable situation can be largely shortened. However, there will at least be a period of uncertainty between laying down an economic policy and putting it into practice. Before the market receives any information about the policies of the new administration, the stock market will feel uneasy. It may have ups and downs. Thus, investors must get psychologically prepared for the roller-coaster ride."

"Obama will face challenges"

The pro-PRC Chinese-language Macau Daily News remarked in an editorial (11/9): "The U.S. presidential election is over. America

will welcome the 'Obama era.' Obama has been elected when the U.S. is facing economic difficulties internally and is involved in two wars externally. People around the world are generally concerned about whether Obama can form his cabinet smoothly, turn his campaign platform into feasible domestic and foreign policies, and lead the U.S. out of its predicament to open up a new future for the U.S.... Due to the domestic and external situation of the U.S., boosting the national economy and safeguarding national security are the two major tasks for Obama, which will become the core of his domestic and foreign policies."

13. U.S. presidential election

"The gargantuan task"

The independent English-language South China Morning Post's foreign editor, Peter Kammerer, wrote in the 'Insight' page (11/7): "So those of us who plumped for Barack Obama to be the man have had our day. Life is indeed sweet, we are patting one another on the back and basking in the fact that George W., Dick and that lot will soon be out of the White House. In their place will be a man of purpose, understanding, intelligence, charisma and, yes, color. But, before we get too carried away in our belief that he is going to solve all our problems, let's face a few truths. The world is in a mess, thanks largely to outgoing President George W. Bush and his cohorts.

Not for seven decades has there been such financial turmoil; years will pass before there is a recovery. Instability abounds: Pakistan is on the verge of implosion and Afghanistan and Iraq are far from the stability that was promised with the US invasions. Al-Qaeda and its terrorist friends remain primed for mayhem. North Korea still has nuclear weapons and Iran seems likely to get them no matter what. A deepening rift has been opened with Russia, and China remains distrustful of American intentions.... America's electing its first black president has immeasurable worth for the cause of non-whites the world over. In Senator Obama, ethnic groups sense that racial equality has dawned. He must capitalize on this gain to get his country and the world working together again."

"Waiting Obama to create a miracle by his new policies"

The mass-circulation Chinese-language Apple Daily News remarked in an editorial (11/7): "...While the American people and indeed the whole world are waiting for Obama's leadership in fighting the financial tsunami, can Obama respond quickly in his personnel arrangements, in adjusting policies, and in responding quickly to domestic and foreign issues so as to maintain the public confidence?

Such responses will not only determine whether his popularity will face a sharp fall, like Lee Myun-bak and Ma Ying-jeou, but will also determine whether he can create a miracle through his new policies and whether he will succeed in fighting the financial crisis. Obama will not take office until January 20 next year. The financial tsunami will not quiet down for two months to wait for Obama's team to beat it. Time waits for no man. Obama will, therefore, need to show some performance at the G20 international financial summit in Washington next week."

"The executive and legislative branches act in unison; Obama's policies will face no obstacles"

The independent Chinese-language Hong Kong Economic Journal commented in an editorial (11/7): "...After the presidential election, the Democratic Party has control over both the White House and the Congress. The President will face no obstacles in implementing his policies. Judging from this angle, as long as Obama can clearly suggest a bailout measure that is acceptable to the financial market, the stock market should have a positive response. Sources said that after Obama takes office, his first budget will continue to be a deficit budget. In order to rescue the flagging economy, he may listen to the call of the economists to inject at least U.S.\$150-500 billion to boost the economy, create jobs, and encourage American people to keep spending.... The non-partisan research institute, Tax Policy Centre, reported that Obama's tax policy will raise the U.S. deficit to U.S.\$3 trillion in the next decade. The situation will be more serious than during the Bush administration. After the victory of Obama, House Speaker Nancy Pelosi pledged to introduce several economic stimulus plans in the next few months. When the executive and legislative branches are under the control of the Democrats, all plans will get passed

smoothly. The U.S. administration's spending will endlessly increase."

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